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Alberta
AGRICULTURE, FOOD AND RURAL DEVELOPMENT

Special Crops Newsletter

Issue 5 **October, 1998**

Special Crops Product Team

The Special Crops Product Team represents a cross-section of specialists from Alberta Agriculture, Food and Rural Development and Agriculture and Agri-Food Canada. It is a liaison between industry and government. The Team's mission is to lead departmental activities in Special Crops, consistent with industry objectives, in response to diversification, value-added and market place opportunities.

Members and phone numbers (Area code 403).

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Upcoming Events

1. Opportunities & Profits II - Special Crops into the 21st Century Conference
   November 1 - 3, 1998
   Convention Inn, Edmonton, Alberta

   For more information on the conference, see pages 5 and 6 of this newsletter.

2. 1998 Alberta Horticultural Congress
   November 12 - 14, 1998
   Mayfield Inn, Edmonton, Alberta
   To register, contact:
   The Alberta Horticultural Congress Office
   c/o CDC North, RR #6
   Edmonton AB T5B 4K3
   Tel (403) 415-2324
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The "Special Crops" newsletter is published four times per year. Please direct any questions, comments or suggestions for story ideas to:

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The newsletter is also available on the Internet at:

http://www.agric.gov.ab.ca/crops/special/scnews/index.html

AVAC - Increasing Value-Added Agribusiness

With Alberta's strong commodity base, Alberta is well positioned to take advantage of the global shift to higher value, processed products. Recognizing the opportunity for further development of the value-added agribusiness industry, AVAC (Agriculture Value-Added Corporation) Ltd. was created.

AVAC's mandate is to be a catalyst in increasing the amount of value added shipments in Alberta, by providing both financial and collaborative support. AVAC invests in organizations involved in value-added agribusiness, focusing on the pre-commercialization and development stages. AVAC expects a return on investment, which is usually a royalty on future revenue streams.

AVAC has three primary, but not exclusive areas of focus:

- New and enhanced food products including, but not limited to, meats and processed meats;
- Wellness products, including functional foods and nutraceuticals; and
- Industrial and non-food applications of value-added products.

AVAC has five programs, three focused on investment and two on knowledge and collaboration. Examples of potential investments include new and existing processors who want to develop new products, new and existing companies who have new technologies or services important to the value-added industry, and organizations involved in research and development in the value-added.

Key elements of the investment programs include matching funding (financial or in kind), identifiable return on investment to AVAC Ltd., and expectation of enhanced employment and other investment in Alberta arising from commercialization.

AVAC's knowledge and collaboration activities are centered around two key programs: AVANET, a new world-class web site that will be a comprehensive information source for value-added activities, and AVAC Learning, which provides direct sponsorship of conferences and seminars, in addition to financial support for scholarships and travel to leading global organizations or third party conferences. Even if AVAC does not invest, it can provide improved access to third party technical and market research, and to its network of important technical, marketing and financial resources.

AVAC accepts applications year round for investment. Detailed program information is available from Lisa Davis at (403) 274 2774 or from the AVAC website at www.avacltd.com.

Lisa Davis
Senior Investment Officer
AVAC Ltd.
Phone (403) 274-2774
Fax (403) 274-0101

Drought in Mexico

Mexico continues to suffer from drought conditions that have plagued the country off and on for a number of years. This year's drought, spurred in part by El Niño conditions this past winter, may be the worst yet with more than 200,000 hectares of agricultural land affected and countless forest fires that had burned out of control. Current estimates place the direct cost of this drought at more than $500 million, a number which continues to rise.

The Mexican agriculture sector has been hampered by the lack of investment in basic infrastructure over the last 15 years. Only 6% of Mexico's 100 million hectares of agricultural land are irrigated, the rest relying exclusively on rain for moisture. Despite recent showers, this year's lack of rain has caused widespread damage, with the bulk of the damage concentrated in the highland valleys and agricultural regions of the northern Mexican states. Even coffee producers are affected as estimates predict losses of more than 21,000 tons of coffee beans this year.

On the grains side, the Mexican government has announced that it will spend more than $4 billion this year to import 13.4 million tons of basic grains and oilseeds, a record not seen since 1940. The bulk of these imports will be made up of soybeans, corn and wheat but other imports may include significant quantities of pulses. According to Abraham Montes, leader of the National Beans Producers Organization, there will be a shortage of 200 thousand MT of beans this year. Additionally, Sergio Rosales, president of the Food Industry Chamber of Jalisco forecasted that the price of beans would rise at least 3 pesos ($.60) per kilogram unless the government authorizes the importation of at least 80 thousand MT before October. Estimates of the total amount of imports required have risen by more than two million tons in the past few months.

Many states had pushed the Mexican government to declare a state of emergency, but the government only responded with increasing funds through agricultural and rural development programs. A forecasted long, wet winter may be the only solution.

Doug McMullen
Marketing Services Division
Alberta Agriculture, Food & Rural Development
Ph: (403)427-4249

Spotlight on Peas

The pea (Pisum sativum L.) was one of the first crops domesticated about 9,000 to 8,000 years ago in the Mediterranean/Near East. Production spread through the cooler temperate zones from Morocco to China. Traditionally, the former Soviet Union accounted for over one-half of world production with about one-quarter centered in China. This pattern changed in the 1980's when significant production in Europe, Australia and Canada occurred.

Peas were first introduced to this continent in the 17th century by the original French settlers. Yet, the crop retained only small garden or field status until 1950 when Manitoba's Red River Valley seeded 10,000 acres to yellow peas. Growth in the 1953 to 1977 period was slow increasing from 30,000 to 60,000 acres. Significant acreage levels did not occur in Saskatchewan until the late 1970's and not in Alberta until 1987. However, the U.S. Northwest since the 1920's has been both a major grower and exporter of dry green peas.

With the exception of the former USSR (where peas are primarily grown for feed), edible diets consist of peas in the entire whole, split or ground medley.

Historically, world pea trade was generally between political spheres of influence, such as amongst members of the Commonwealth or the Americas. However, in the last 20 years, ever-increasing population in the third world countries has driven world demand in Middle East and Latin American countries and India. Severe droughts and war in Asian and African countries have encouraged development of Food Aid programs.

Globally, dry pea area has grown to near 18 million acres (1991 - 1996 average, FAO). The 1991 to 1996 average production was 13.2 million tonnes with production ranging between 12 to 16 million tonnes annually.

In 1996, total world dry pea trade was estimated at 2.8 million tonnes. Canada's exports at 853,000 tonnes, was ranked second to France's exports of 883,000 tonnes. Australia exported a total 292,000 tonnes and the U.S.A. had dry pea exports of 117,000 tonnes. Large importing nations included: the Netherlands (558,000 tonnes), Spain (332,000 tonnes), Germany (223,000 tonnes) and China (145,000 tonnes).
The single most significant factor in the doubling of world pea output since 1980, has been the European Economic Community's landmark decision to become self sufficient in feed proteins. As such, France drastically increased acreage to become the world's largest single producer of dry pea in the 1990's. In 1997, Canada surpassed China and Russia to become the second largest producer after France.

While improvements in pea yields in Canada and the U.S. have been noteworthy, dry pea yields (with the exception of Europe) have not kept pace with yield increases in cereal and oilseed crops. North American pea yields have risen from about 18 bushels per acre in the 1950's to over 30 bushels per acre now. In Western Europe, yields are over 80 bushels per acre and under 20 bushels per acre in other producing countries. In the future, some analysts expect decreased acreage levels for dry peas in Europe, North America and Australia in favor of crops which are easy to grow.

Global Dry Pea Production

(000 tonnes)

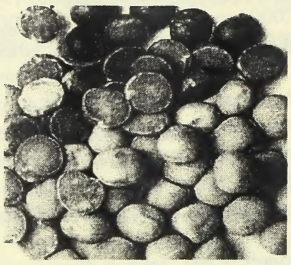
	1994	1995	1996	1997
Canada	1,441	1,455	1,173	1,762
USA	139	269	151	300
France	3,378	2,701	2,561	3,060
China	1,275	1,000	1,300	1,250
Russia	2,287	1,212	1,323	1,196
Ukraine	2,470	1,376	985	901
Total	**10,990**	**8,013**	**7,493**	**8,469**

Western Canadian Dry Pea Production

(000 tonnes)

	Alberta	Sask.	Manitoba	Total
1992	151	245	109	505
1993	299	585	86	970
1994	374	898	169	1,441
1995	412	868	147	1,427
1996	366	729	137	1,232
1997	422	1,158	178	1,758
1998(p)	500	1,300	250	2,050

(p) Preliminary Estimate



Green peas

Peas

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Farm Income Disaster Program (FIDP)

By now, most Alberta farmers have a fair idea of the kind of financial year they've had. For some, 1998 was one of their more profitable years. For others, it was nothing to write home about.

But for a third group of farmers, 1998 will turn out to be disastrous.

For those farmers, the provincial government created the FIDP. Here's how it works. If a farm's annual net margin falls below 70% of the average of the previous three years, that farm could be eligible for a FIDP payment. Last year, more than 3,600 Alberta farmers received FIDP payments, most as a result of excessive moisture or persistent drought.

The deadline for applying for a FIDP payment for the 1998 farming year is July 31, 1999. That's months away, but according to Dave Schurman, the time to start thinking about FIDP is now.

"FIDP is designed to compensate farmers who experience an exceptionally tough year financially," says Schurman, Vice President of Finance and Administration with Agriculture Financial Services Corporation (AFSC), which administers the program and cuts FIDP cheques for qualifying farmers.

"Most farmers know by now that they had a good year or even a reasonable one. Farmers who know they'll have a very poor year should take some steps by December 31 to make their FIDP application easier and more accurate in 1999," he said.

Pay your 1998 costs in full. The first step Schurman recommends is to pay all 1998 crop input costs by December 31, 1998. This includes costs such as seed, fertilizer, crop chemicals, veterinary bills and machinery repair bills.

"This directly relates to making a FIDP application," he says. "Those 1998 accounts paid by December 31 will count as 1998 farm expenses, which in turn lowers your 1998 net margin on the FIDP application. In some cases, that can mean the difference between a FIDP payment, or no payment at all."

If necessary, it may even be financially advantageous to borrow in order to pay all 1998 input expenses by December 31. However, seed or other inputs pre-purchased in 1998 for the 1999 crop will not be counted as a 1998 expense, and therefore will not affect the FIDP payment amount. The pre-purchased items will be considered as inventory on the FIDP application.

Do your year-end inventory at year-end (really). As part of the calculations for FIDP eligibility, farmers are asked to record changes in inventory from the beginning of the year (January 1) to the end (December 31).

This would include inventory of grain in bins (number of bushels, by crop), hay in storage, livestock numbers (cows, heifers, pigs etc.), and crop inputs (seed, chemical, fertilizer).

"We recommend that farmers do their year-end inventory at year-end," says Schurman. "That may sound obvious, but many times, farmers do a retroactive 'guesstimate' later in the year. Some come close to being accurate, but a true picture of year-end inventory is as important for a farm business as it is for FIDP."

Here's hoping you had a good year in 1998, or failing that, a decent one. For those whose year was more on the disastrous side, think of FIDP. The final deadline for a FIDP application for the 1998 year is July 31, 1999. You can apply any time until July 31, but you'll need your inventory records, plus information from your 1998 tax return to complete the application.

For more information, call Agriculture Financial Services Corporation's toll-free FIDP line at 1-800-851-5070.

Special Crops Conference - Convention Inn, Edmonton AB

Agenda

Sunday, November 1

6:00 p.m. Registration (wine & cheese)

Monday, November 2

8:30 a.m. Welcome addresses

9:00 a.m. The Potential For Crop Diversification in the New Millennium.
Prof. Lyle Craker, University of Massachusetts (Amherst, MA)

9:45 a.m. Why is Diversification Important for Canada?
Dr. Ernest Small, AFFC Central Experimental Station, Ottawa, ON

10:15 a.m. Coffee Break

10:45 a.m. Crop Diversification in Western Canada-A Success Story.
Dr. Al Slinkard, University of Saskatchewan

11:15 a.m. Medicinal Plants:A New Diversification Opportunity?
Dr. Tom Li, AAFC Research Station (Summerland, B.C.)

Noon Lunch

Concurrent sessions (see page 6) will be repeated Monday p.m. and Tuesday a.m.

Tuesday, November 3 Afternoon

1:00 p.m. Agriculture & Food Council, Growing Alberta
Ed Knash - Chairman

1:20 p.m. AVAC Corporation-Stimulating the Growth of Alberta Agri-business.
Bruce Healey AVAC Ltd., Calgary, AB.

1:40 p.m. Agricultural Value-Added Engineering Centre-A New Resource
John Chang AAFRD

2:00 p.m. Assessing the Feasibility of a New Venture, *Kathy Lowther, RDS-Bus. - AAFRD*

2:30 p.m. Panel discussion - Is Diversification an Option?
Speakers, producers and processors

4:00 p.m. Wrap-Up Closing Remarks

Register NOW! Limited space!
*By October 1, 1998 - $125.00 /per person
*After October 1, 1998 - $150.00/per person
Your registration fee is GST exempt. GST is not included and do not add it. Your fee includes conference proceedings and all meals.

Cheques payable to Alberta Agricultural Research Institute (Please mail to address on back panel)

For more information, please contact:
Wayne Goruk (403) 427-3122
Dr. Stan Blade (403) 422-1789
Kathy Lowther (403) 556-4220

For toll-free dialling in Alberta, call 310-0000 first

For accommodation, please call the Convention Inn, Edmonton ($79.00 + taxes) - Toll Free: 1-800-661-1122 or (403) 434-6415

Special Crops Conference - November 1 - 3, 1998

Registration Form

Name _____

Company _____

Address _____

City _____

Province _____ **Postal Code** _____

Phone No. _____ **Fax No.** _____

Number Attending _____ **Amount Enclosed** _____

Complete form and send with cheque for fee to address on reverse side.

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Concurrent Sessions

Pulse Session

1. What's New in Field Pea and Bean Research?
   Dr. Bert Vandenberg
   University of Saskatchewan
2. Root and Foliar Pea Diseases in the Pacific North West.
   Dr. Fred Kraft - USDA, Prosser, Washington
3. New Issues in Pulse Crop Agronomy. *Dr. Adrian Johnston* - AAFC, Melfort, SK.
4. What's New in Lentil and Chickpea Research? *Dr. Al Slinkard* - University of Saskatchewan
5. The Adventures of an Alberta Pulse Company. *Joe St. Denis* -St. Denis Seed Farm, Legal, AB.
6. Pulse Marketing: Where Are Canada's Opportunities?
   Gordon Bacon, Pulse Canada, Winnipeg, MB.

Alternate Field Crops Session

1. The Development of the Spice Industry in Saskatchewan
   Ray McVicar, Saskatchewan Agriculture and Food, Regina, SK
2. New Crops Field Research at the SK Irrigation Development Centre
   Dr. Jazeem Wahab, SIDC, Outlook, SK.
3. Essential Oil Content in Prairie-grown Spices. *Dr. Gene Araganoza-* University of Saskatchewan
4. The World-wide Spice Trade; What Are Buyers Looking For?
   Alan Goetz, McCormick Spice Company, Trenton, USA
5. The Alberta Essential Oil Industry, *Dr. Refe Gaudiel,* Brooks, AB.
6. Spitz Sunflowers: A Successful Alberta Company. *Tom Droog,* Spitz Sunflowers, Bow Island, AB.

The Medicinal Plants Session

1. Developing New Value-Added Botanical-Based Pharmaceutical Industries in Alberta
   Dr. Peter Pang, CV Technologies, Edmonton, AB.
2. Nutraceutical Research at the University of Alberta, *Dr. Feral Temelli,* U. of A.
3. New Research on Ginseng and Echinacea, *Dr. Tom Li,* AAFC Summerland, B.C.
4. Field Production of Medicinal Plant, *Carrell Farmer,* Bioriginal Food and Science, Saskatoon, SK.
5. Greenhouse Production of Medicinal Plants, *Dr. M. Mirza,* AAFRD
6. What are Medicinal Plant Buyers Looking For? *Joel Thuna,* Global Botanicals, Barrie, ON.

The Next Millennium

1. Wildcrafting in the Parklands of the Prairies, *Gerry Ivanotchko,* Saskatchewan Food and Agriculture, La Ronge, SK.
2. What's Cooking in the Alberta Potato Industry?
   Clive Schaupmeyer/Patricia Duplessis, AAFRD
3. The Alberta Dry Bean Industry: Production and Processing
   Owen Cleland, Alberta Pool
4. 1998 Research Results; Is There Hope for Hemp? *Dr. Stan Blade* - AAFRD
5. Fenugreek as a Potential New Forage Species. *Dr. S Acharya*
6. The Discerning Consumer: What is Happening in Food Retailing?
   Mazan Debaji -Debaji's Fine Foods, Edmonton, AB.